

# House File 2400 - Introduced

HOUSE FILE 2400  
BY COMMITTEE ON JUDICIARY

(SUCCESSOR TO HSB 578)

## A BILL FOR

1 An Act providing for voidable commercial transactions and  
2 including applicability provisions.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 684.1, Code 2016, is amended to read as  
2 follows:

3 **684.1 Definitions.**

4 As used in this chapter:

5 1. "*Affiliate*" means any of the following:

6 a. A person ~~who~~ that directly or indirectly owns, controls,  
7 or holds with power to vote, twenty percent or more of the  
8 outstanding voting securities of the debtor, other than  
9 a person ~~who~~ that holds the securities as either of the  
10 following:

11 (1) As a fiduciary or agent without sole discretionary power  
12 to vote the securities.

13 (2) Solely to secure a debt, if the person has not in fact  
14 exercised the power to vote.

15 b. A corporation twenty percent or more of whose outstanding  
16 voting securities are directly or indirectly owned, controlled,  
17 or held with power to vote, by the debtor or a person ~~who~~ that  
18 directly or indirectly owns, controls, or holds with power  
19 to vote, twenty percent or more of the outstanding voting  
20 securities of the debtor, other than a person ~~who~~ that holds  
21 the securities as either of the following:

22 (1) As a fiduciary or agent without sole discretionary power  
23 to vote the securities.

24 (2) Solely to secure a debt, if the person has not in fact  
25 exercised the power to vote.

26 c. A person whose business is operated by the debtor under  
27 a lease or other agreement, or a person substantially all of  
28 whose assets are controlled by the debtor.

29 d. A person ~~who~~ that operates the debtor's business under a  
30 lease or other agreement or controls substantially all of the  
31 debtor's assets.

32 2. "*Asset*" means property of a debtor, but does not include  
33 any of the following:

34 a. Property to the extent it is encumbered by a valid lien.

35 b. Property to the extent it is generally exempt under

1 nonbankruptcy law.

2     *c.* An interest in property held in tenancy by the entireties  
3 to the extent it is not subject to process by a creditor  
4 holding a claim against only one tenant.

5     3. "Claim", except as used in "claim for relief", means  
6 a right to payment, whether or not the right is reduced to  
7 judgment, liquidated, unliquidated, fixed, contingent, matured,  
8 unmatured, disputed, undisputed, legal, equitable, secured, or  
9 unsecured.

10     4. "Creditor" means a person ~~who~~ that has a claim.

11     5. "Debt" means liability on a claim.

12     6. "Debtor" means a person ~~who~~ that is liable on a claim.

13     7. "Electronic" means relating to technology having  
14 electrical, digital, magnetic, wireless, optical,  
15 electromagnetic, or similar capabilities.

16     ~~7.~~ 8. "Insider" includes all of the following:

17     *a.* If the debtor is an individual, all of the following:

18         (1) A relative of the debtor or of a general partner of the  
19 debtor.

20         (2) A partnership in which the debtor is a general partner.

21         (3) A general partner in a partnership described in  
22 subparagraph (2).

23         (4) A corporation of which the debtor is a director,  
24 officer, or person in control.

25     *b.* If the debtor is a corporation, all of the following:

26         (1) A director of the debtor.

27         (2) An officer of the debtor.

28         (3) A person in control of the debtor.

29         (4) A partnership in which the debtor is a general partner.

30         (5) A general partner in a partnership described in  
31 subparagraph (4).

32         (6) A relative of a general partner, director, officer, or  
33 person in control of the debtor.

34     *c.* If the debtor is a partnership, all of the following:

35         (1) A general partner in the debtor.

1 (2) A relative of a general partner in, or a general partner  
2 of, or a person in control of the debtor.

3 (3) Another partnership in which the debtor is a general  
4 partner.

5 (4) A general partner in a partnership described in  
6 subparagraph (3).

7 (5) A person in control of the debtor.

8 *d.* An affiliate, or an insider of an affiliate as if the  
9 affiliate were the debtor.

10 *e.* A managing agent of the debtor.

11 ~~8.~~ 9. "*Lien*" means a charge against or an interest in  
12 property to secure payment of a debt or performance of an  
13 obligation, and includes a security interest created by  
14 agreement, a judicial lien obtained by legal or equitable  
15 process or proceedings, a common-law lien, or a statutory lien.

16 10. "Organization" means a person other than an individual.

17 11. "Person" means an individual, estate, business  
18 or nonprofit entity, public corporation, government or  
19 governmental subdivision, agency, or instrumentality, or other  
20 legal entity.

21 ~~9.~~ 12. "*Property*" means anything that may be the subject  
22 of ownership.

23 13. "Record" means information that is inscribed on a  
24 tangible medium or that is stored in an electronic or other  
25 medium and is retrievable in perceivable form.

26 ~~10.~~ 14. "*Relative*" means an individual related by  
27 consanguinity within the third degree as determined by the  
28 common law, a spouse, or an individual related to a spouse  
29 within the third degree as so determined, and includes an  
30 individual in an adoptive relationship within the third degree.

31 15. "Sign" means, with present intent to authenticate or  
32 adopt a record to do either of the following:

33 a. Execute or adopt a tangible symbol.

34 b. Attach to or logically associate with the record an  
35 electronic symbol, sound, or process.

1     ~~11.~~ 16. "*Transfer*" means every mode, direct or indirect,  
2 absolute or conditional, voluntary or involuntary, of disposing  
3 of or parting with an asset or an interest in an asset, and  
4 includes payment of money, release, lease, license, and  
5 creation of a lien or other encumbrance.

6     ~~12.~~ 17. "*Valid lien*" means a lien that is effective against  
7 the holder of a judicial lien subsequently obtained by legal or  
8 equitable process or proceedings.

9     Sec. 2. Section 684.2, Code 2016, is amended to read as  
10 follows:

11     **684.2 Insolvency.**

12     1. A debtor is insolvent if, at a fair valuation, the sum of  
13 the debtor's debts is greater than all the sum of the debtor's  
14 assets, ~~at a fair valuation~~.

15     2. A debtor ~~who~~ that is generally not paying the debtor's  
16 debts as they become due other than as a result of a bona fide  
17 dispute is presumed to be insolvent. The presumption imposes  
18 on the party against which the presumption is directed the  
19 burden of proving that the nonexistence of insolvency is more  
20 probable than its existence.

21     ~~3. A partnership is insolvent under subsection 1 if the~~  
22 ~~sum of the partnership's debts is greater than the aggregate,~~  
23 ~~at a fair valuation, of all of the partnership's assets, and~~  
24 ~~the sum of the excess of the value of each general partner's~~  
25 ~~nonpartnership assets over the partner's nonpartnership debts.~~

26     ~~4.~~ 3. Assets under this section do not include property  
27 that has been transferred, concealed, or removed with intent  
28 to hinder, delay, or defraud creditors or that has been  
29 transferred in a manner making the transfer voidable under this  
30 chapter.

31     ~~5.~~ 4. Debts under this section do not include an obligation  
32 to the extent it is secured by a valid lien on property of the  
33 debtor not included as an asset.

34     Sec. 3. Section 684.4, Code 2016, is amended to read as  
35 follows:

1     **684.4 ~~Transfers-fraudulent~~ Transfer or obligation voidable as**  
2     **to present and or future creditors creditor.**

3     1. A transfer made or obligation incurred by a debtor is  
4     ~~fraudulent~~ voidable as to a creditor, whether the creditor's  
5     claim arose before or after the transfer was made or the  
6     obligation was incurred, if the debtor made the transfer  
7     or incurred the obligation under any of the following  
8     circumstances:

9     a. With actual intent to hinder, delay, or defraud any  
10    creditor of the debtor.

11    b. Without receiving a reasonably equivalent value in  
12    exchange for the transfer or obligation, if either of the  
13    following applies:

14      (1) The debtor was engaged or was about to engage in a  
15    business or a transaction for which the remaining assets of the  
16    debtor were unreasonably small in relation to the business or  
17    transaction.

18      (2) The debtor intended to incur, or believed or reasonably  
19    should have believed that the debtor would incur, debts beyond  
20    the debtor's ability to pay as they became due.

21    2. In determining actual intent under [subsection 1](#),  
22    paragraph "a", consideration may be given, among other factors,  
23    to whether any or all of the following apply:

24      a. ~~Whether the~~ The transfer or obligation was to an insider.

25      b. ~~Whether the~~ The debtor retained possession or control of  
26    the property transferred after the transfer.

27      c. ~~Whether the~~ The transfer or obligation was disclosed or  
28    concealed.

29      d. ~~Whether, before~~ Before the transfer was made or  
30    obligation was incurred, the debtor had been sued or threatened  
31    with suit.

32      e. ~~Whether the~~ The transfer was of substantially all the  
33    debtor's assets.

34      f. ~~Whether the~~ The debtor absconded.

35      g. ~~Whether the~~ The debtor removed or concealed assets.

1     ~~h. Whether the~~ The value of the consideration received by  
2 the debtor was reasonably equivalent to the value of the asset  
3 transferred or the amount of the obligation incurred.

4     ~~i. Whether the~~ The debtor was insolvent or became insolvent  
5 shortly after the transfer was made or the obligation was  
6 incurred.

7     ~~j. Whether the~~ The transfer occurred shortly before or  
8 shortly after a substantial debt was incurred.

9     ~~k. Whether the~~ The debtor transferred the essential assets  
10 of the business to a lienor ~~who~~ that transferred the assets to  
11 an insider of the debtor.

12     3. A creditor making a claim for relief under subsection 1  
13 has the burden of proving the elements of the claim for relief  
14 by a preponderance of the evidence.

15     Sec. 4. Section 684.5, Code 2016, is amended to read as  
16 follows:

17     **684.5 ~~Transfers fraudulent~~ Transfer or obligation voidable as**  
18 **to present creditors ~~creditor~~.**

19     1. A transfer made or obligation incurred by a debtor is  
20 ~~fraudulent~~ voidable as to a creditor whose claim arose before  
21 the transfer was made or the obligation was incurred if the  
22 debtor made the transfer or incurred the obligation without  
23 receiving a reasonably equivalent value in exchange for the  
24 transfer or obligation and the debtor was insolvent at that  
25 time or the debtor became insolvent as a result of the transfer  
26 or obligation.

27     2. A transfer made by a debtor is ~~fraudulent~~ voidable as  
28 to a creditor whose claim arose before the transfer was made  
29 if the transfer was made to an insider for an antecedent debt,  
30 the debtor was insolvent at that time, and the insider had  
31 reasonable cause to believe that the debtor was insolvent.

32     3. Subject to section 684.2, subsection 2, a creditor making  
33 a claim for relief under subsection 1 or 2 has the burden of  
34 proving the elements of the claim for relief by a preponderance  
35 of the evidence.

1     Sec. 5. Section 684.6, subsection 1, paragraph a, Code 2016,  
2 is amended to read as follows:

3     a. With respect to an asset that is real property other than  
4 a fixture, but including the interest of a seller or purchaser  
5 under a contract for the sale of the asset, when the transfer  
6 is so far perfected that a good-faith purchaser of the asset  
7 from the debtor against ~~whom~~ which applicable law permits the  
8 transfer to be perfected cannot acquire an interest in the  
9 asset that is superior to the interest of the transferee.

10    Sec. 6. Section 684.6, subsection 5, paragraph b, Code 2016,  
11 is amended to read as follows:

12    b. If evidenced by a writing record, when the ~~writing~~  
13 ~~executed record signed~~ by the obligor is delivered to or for  
14 the benefit of the obligee.

15    Sec. 7. Section 684.7, subsection 1, paragraph b, Code 2016,  
16 is amended to read as follows:

17    b. ~~A remedy by any special action available under this~~  
18 ~~subtitle, including~~ An attachment or other provisional  
19 ~~remedy,~~ against the asset transferred or other property of the  
20 transferee if available under applicable law.

21    Sec. 8. Section 684.8, Code 2016, is amended to read as  
22 follows:

23    **684.8 Defenses, liability, and protection of transferee or**  
24 **obligee.**

25    1. A transfer or obligation is not voidable under section  
26 ~~684.7,~~ 684.4, subsection 1, paragraph "a", against a person  
27 ~~who~~ that took in good faith and for a reasonably equivalent  
28 value given the debtor or against any subsequent transferee or  
29 obligee.

30    2. To the extent a transfer is avoidable in an action by a  
31 creditor under section 684.7, subsection 1, paragraph "a", all  
32 of the following apply:

33    a. Except as otherwise provided in this section, ~~to the~~  
34 ~~extent a transfer is voidable in an action by a creditor under~~  
35 section 684.7, subsection 1, paragraph "a", the creditor may



1 recover judgment for the value of the asset transferred, as  
2 adjusted under [subsection 3](#), or the amount necessary to satisfy  
3 the creditor's claim, whichever is less. The judgment may be  
4 entered against either of the following:

5 ~~a.~~ (1) The first transferee of the asset or the person for  
6 whose benefit the transfer was made.

7 ~~b.~~ (2) ~~Any subsequent transferee~~ An immediate or mediate  
8 transferee of the first transferee, other than a any of the  
9 following:

10 (a) A good-faith transferee or obligee who that took for  
11 value or from any subsequent transferee or obligee.

12 (b) An immediate or mediate good-faith transferee of a  
13 person described in subparagraph division (a).

14 b. Recovery pursuant to section 684.7, subsection 1,  
15 paragraph "a", or section 684.7, subsection 2, of or from the  
16 asset transferred or its proceeds, by levy or otherwise, is  
17 available only against a person described in paragraph "a",  
18 subparagraph (1) or (2).

19 3. If the judgment under [subsection 2](#) is based upon the  
20 value of the asset transferred, the judgment must be for an  
21 amount equal to the value of the asset at the time of the  
22 transfer, subject to adjustment as the equities may require.

23 4. Notwithstanding voidability of a transfer or an  
24 obligation under [this chapter](#), a good-faith transferee or  
25 obligee is entitled, to the extent of the value given the  
26 debtor for the transfer or obligation, to any of the following:

27 a. A lien on or a right to retain any an interest in the  
28 asset transferred.

29 b. Enforcement of any an obligation incurred.

30 c. A reduction in the amount of the liability on the  
31 judgment.

32 5. A transfer is not voidable under section 684.4,  
33 subsection 1, paragraph "b", or [section 684.5](#) if the transfer  
34 results from either of the following:

35 a. Termination of a lease upon default by the debtor when

1 the termination is pursuant to the lease and applicable law.

2 b. Enforcement of a security interest in compliance with  
3 chapter 554, article 9, other than acceptance of collateral in  
4 full or partial satisfaction of the obligation it secures.

5 6. A transfer is not voidable under section 684.5,  
6 subsection 2, in any of the following circumstances:

7 a. To the extent the insider gave new value to or for the  
8 benefit of the debtor after the transfer was made unless,  
9 except to the extent the new value was secured by a valid lien.

10 b. If made in the ordinary course of business or financial  
11 affairs of the debtor and the insider.

12 c. If made pursuant to a good-faith effort to rehabilitate  
13 the debtor and the transfer secured present value given for  
14 that purpose as well as an antecedent debt of the debtor.

15 7. The burden of proving matters referred to in this section  
16 is determined according to the following:

17 a. A party that seeks to invoke subsection 1, 4, 5, or 6,  
18 has the burden of proving the applicability of that subsection.

19 b. Except as otherwise provided in paragraphs "c" and "d",  
20 the creditor has the burden of proving each applicable element  
21 of subsection 2 or 3.

22 c. The transferee has the burden of proving the  
23 applicability to the transferee of subsection 2, paragraph "a",  
24 subparagraph (2), subparagraph division (a) or (b).

25 d. A party that seeks adjustment under subsection 3 has the  
26 burden of proving the adjustment.

27 8. The standard of proof required to establish matters  
28 referred to in this section is preponderance of the evidence.

29 Sec. 9. Section 684.9, Code 2016, is amended to read as  
30 follows:

31 **684.9 Extinguishment of ~~cause of action~~ claim for relief.**

32 A ~~cause of action~~ claim for relief with respect to a  
33 ~~fraudulent~~ transfer or obligation under **this chapter** is  
34 extinguished unless action is brought as follows:

35 1. Under **section 684.4, subsection 1**, paragraph "a", within

1 ~~five~~ not later than four years after the transfer was made or  
2 the obligation was incurred or, if later, ~~within~~ not later  
3 than one year after the transfer or obligation was or could  
4 reasonably have been discovered by the claimant.

5 2. Under section 684.4, subsection 1, paragraph "b",  
6 or section 684.5, subsection 1, ~~within five~~ not later than  
7 four years after the transfer was made or the obligation was  
8 incurred.

9 3. Under section 684.5, subsection 2, ~~within~~ not later than  
10 one year after the transfer was made ~~or the obligation was~~  
11 ~~incurred~~.

12 Sec. 10. NEW SECTION. 684.9A Governing law.

13 1. In this section, a debtor's location is determined as  
14 follows:

15 a. A debtor who is an individual is located at the  
16 individual's principal residence.

17 b. A debtor that is an organization and has only one place  
18 of business is located at its place of business.

19 c. A debtor that is an organization and has more than one  
20 place of business is located at its chief executive office.

21 2. A claim for relief in the nature of a claim for relief  
22 under this chapter is governed by the local law of the  
23 jurisdiction in which the debtor is located when the transfer  
24 is made or the obligation is incurred.

25 Sec. 11. NEW SECTION. 684.9B Application to series  
26 organization.

27 1. As used in this section:

28 a. "*Protected series*" means an arrangement, however  
29 denominated, created by a series organization that, pursuant to  
30 the law under which the series organization is organized, has  
31 the characteristics set forth in paragraph "b".

32 b. "*Series organization*" means an organization that,  
33 pursuant to the law under which it is organized, has the  
34 following characteristics:

35 (1) The organic record of the organization provides for

1 creation by the organization of one or more protected series,  
2 however denominated, with respect to specified property of  
3 the organization, and for records to be maintained for each  
4 protected series that identify the property of or associated  
5 with the protected series.

6 (2) Debt incurred or existing with respect to the activities  
7 of, or property of or associated with, a particular protected  
8 series is enforceable against the property of or associated  
9 with the protected series only, and not against the property of  
10 or associated with the organization or other protected series  
11 of the organization.

12 (3) Debt incurred or existing with respect to the activities  
13 or property of the organization is enforceable against the  
14 property of the organization only, and not against the property  
15 of or associated with a protected series of the organization.

16 2. A series organization and each protected series of the  
17 organization is a separate person for purposes of this chapter,  
18 even if for other purposes a protected series is not a person  
19 separate from the organization or other protected series of the  
20 organization.

21 Sec. 12. NEW SECTION. 684.9C Relation to Electronic  
22 Signatures in Global and National Commerce Act.

23 This chapter modifies, limits, or supersedes the Electronic  
24 Signatures in Global and National Commerce Act, 15 U.S.C. §7001  
25 et seq., but does not modify, limit, or supersede section  
26 101(c) of that Act, 15 U.S.C. §7001(c), or authorize electronic  
27 delivery of any of the notices described in section 103(b) of  
28 that Act, 15 U.S.C. §7003(b).

29 Sec. 13. Section 684.12, Code 2016, is amended to read as  
30 follows:

31 **684.12 Short title.**

32 This chapter ~~may be cited~~, which was formerly cited as the  
33 "Uniform Fraudulent Transfer Act." Act", may be cited as the  
34 "Iowa Uniform Voidable Transactions Act".

35 Sec. 14. CODE EDITOR DIRECTIVE.

1     1. The Code editor is directed to make the following  
2 transfers:

3     a. Section 684.9A, as enacted in this Act, to section  
4 684.10.

5     b. Section 684.9B, as enacted in this Act, to section  
6 684.11.

7     c. Section 684.9C, as enacted in this Act, to section  
8 684.14.

9     d. Section 684.10 is transferred to section 684.12.

10    e. Section 684.11 is transferred to section 684.13.

11    f. Section 684.12, as amended in this Act, to section  
12 684.15.

13    2. The Code editor is directed to correct internal  
14 references in the Code and in any enacted legislation as  
15 necessary due to the enactment of this section.

16    Sec. 15. APPLICABILITY.

17    1. a. This Act applies to a transfer made or an obligation  
18 incurred on or after the effective date of this Act.

19    b. This Act does not apply to a transfer made or an  
20 obligation incurred prior to the effective date of this Act.

21    2. For purposes of this section, a transfer is made and an  
22 obligation is incurred at the time provided in section 684.6.

23                                   EXPLANATION

24                   The inclusion of this explanation does not constitute agreement with  
25                   the explanation's substance by the members of the general assembly.

26    GENERAL. This bill amends Code chapter 684 referred to  
27 as the "Uniform Fraudulent Transfer Act" as approved by the  
28 national conference of commissioners on uniform state laws.  
29 The law concerns an avoidance action brought by a creditor  
30 (plaintiff) to set aside (void) a transfer made or obligation  
31 incurred by an insolvent debtor to a third-party transferee  
32 (defendant) including as part of a bankruptcy proceeding.  
33 Consequently, the creditor seeks that the value of the property  
34 be returned to the debtor or the debtor's bankruptcy estate.

35    MODEL ACT. The bill is based on revisions to that Act

1 approved by the commissioners in 2014. The bill replaces the  
2 term "fraudulent transfer" with the broader term "voidable  
3 transaction" and changes the name of the Code chapter to the  
4 "Iowa Uniform Voidable Transactions Act" (Code section 684.12).

5 EXTINGUISHING OF CLAIM. The bill changes a current Iowa  
6 law that extinguishes a claim after five years (Code section  
7 684.9). The bill adopts the model Act's four-year limitation.

8 RECORDS. The bill replaces the term "writing" with "record"  
9 and provides that a "record" may be in an electronic format  
10 (Code section 684.1). Currently, an obligation is incurred  
11 when it is made orally or if evidenced by a writing (Code  
12 section 684.6).

13 INSOLVENCY. Generally, a debtor is insolvent if the sum  
14 of the debtor's debts is more than the sum of debtor's assets  
15 (Code section 684.2). The bill provides that such debts do  
16 not include those subject to a bona fide dispute. It also  
17 eliminates special treatment accorded to partnerships by  
18 providing that the aggregate net worth of the general partners  
19 is no longer to be added to the partnership's assets.

20 VOIDABLE TRANSACTIONS. The bill provides that a transfer  
21 made or obligation incurred by a debtor which is fraudulent as  
22 to the creditor due to an actual intent to hinder, delay, or  
23 defraud a creditor is not voidable against a person who took  
24 in good faith and for a reasonably equivalent value given to  
25 the debtor (Code sections 684.4 and 684.8). It also provides  
26 that a transfer may be voidable even if the transferee is also  
27 a secured creditor under Article 9 of the Uniform Commercial  
28 Code (Code chapter 554). The secured creditor must receive  
29 collateral for partial or full satisfaction of the obligation  
30 and the transfer must occur without public sale or judicial  
31 foreclosure (Code section 684.8).

32 ORGANIZATIONS AND SERIES. The bill adds the term  
33 "organization" which is defined to mean a "person" other than  
34 an individual (Code section 684.1). It also provides that an  
35 organization and separate legal components of that organization

1 referred to as a "series" may each be treated as a separate  
 2 person unconnected to an avoidance action (new Code section  
 3 684.9B). In order to be considered a separate person, the  
 4 organization or series must be created in the same organic  
 5 record (e.g., articles of incorporation), and the debt must be  
 6 enforceable against the activities or property associated with  
 7 the organization or series and not another component.

8     PROCEDURAL RULES. The bill provides that a rebuttable  
 9 presumption exists that a debtor is insolvent if the debtor  
 10 fails to pay debts as they become due. It also provides that  
 11 a creditor has the burden of proving the elements of a claim  
 12 (Code section 684.5) and a transferee has the burden of proving  
 13 the elements of a defense (Code section 684.8). The standard  
 14 of proof is a preponderance of the evidence.

15     CHOICE OF LAW. The bill provides that an avoidance action is  
 16 governed by the jurisdiction in which the debtor was located  
 17 when the transfer was made or obligation incurred (new Code  
 18 section 684.9A). If the debtor is an individual, the location  
 19 is the debtor's principal residence and if the debtor is an  
 20 organization, the location is the debtor's place of business or  
 21 chief executive office.

22     ELECTRONIC SIGNATURES AND GLOBAL AND NATIONAL COMMERCE ACT.  
 23 The bill provides that even though it modifies, limits, or  
 24 supersedes the federal Electronic Signatures in Global and  
 25 National Commerce Act, it does not affect federal law relating  
 26 to consumer disclosures through electronic means or exempt  
 27 certain judicial notices affecting consumer interests (new Code  
 28 section 684.9C).

29     CODE EDITOR DIRECTIVE. The bill directs the Code editor to  
 30 transfer existing, amended, and new Code sections within Code  
 31 chapter 684 in a manner that corresponds with the numbering  
 32 system approved by the national conference of commissioners on  
 33 uniform state laws.

34     APPLICABILITY. The bill applies to transfers and  
 35 obligations incurred on or after the effective date of the

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1 bill.